

# **50 Attorneys General Reach \$120 Million Settlement With General Motors Over Defective Ignition Switch**

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In 2014, GM issued seven vehicle recalls in response to unintended key-rotation-related and/or ignition-switch-related issues, which have affected over 9 million vehicles in the U.S. The recalls involved a defective ignition switch that, under certain conditions, could move out of the "Run" position to the "Accessory" or "Off" position. If this occurs, the driver experiences a loss of electrical systems, including power steering and power brakes. If a collision occurs while the ignition switch is in the "Accessory" or "Off" position,

the vehicle's safety airbags may also fail to deploy, increasing the risk of serious injury or death in certain types of crashes in which the airbag was otherwise designed to deploy.

As the states alleged, certain employees of GM and General Motors Corporation (which went through bankruptcy in 2009), knew as early as 2004 that the ignition switch posed a safety defect because it could cause airbag non-deployment. However, despite this knowledge, GM personnel decided it wasn't a safety concern and delayed making recalls. GM continued to market the reliability and safety of its motor vehicles that were equipped with this defective ignition switch.

The states alleged that these actions were unfair and deceptive and that the automaker's actions violated state consumer protection laws, including Delaware's Consumer Fraud statute.

Under a Cease and Desist Order by Agreement, GM shall:

- Not represent that a motor vehicle is "safe" unless they have complied with the Federal Motor Vehicle Safety standards applicable to the motor vehicle at issue.
- Not represent that certified pre-owned vehicles that GM advertises are safe, have been repaired for safety issues, or have been subject to rigorous inspection, unless such vehicles are not subject to any open recalls relating to safety or have been repaired pursuant to such a recall.
- Instruct its dealers that all applicable recall repairs must be completed before any GM motor vehicle sold in the U.S. and included in a recall is eligible for certification and, if there is a recall on any certified pre-owned vehicle sold in the U.S., the required repair must be completed before the vehicle is delivered to a customer.

Delaware will receive \$1.12 million as part of the settlement with GM, which will go into the Consumer Protection Fund, which pays for the Attorney General's work on consumer fraud and deceptive trade practice matters and other consumer-oriented investigations and legal actions. The total amount of money paid to the states as part of the settlement is \$120 million.

Deputy Attorney General Stephen McDonald led Delaware's efforts in this investigation.